

Arden Board of Assessors Report 2019

This year's Board of Assessors adopted the principle of the Community Standard of Living Method of Arden Assessment in use since 1980 as the basis for determining total land rent.

The "Community Standard of Living Method of Arden Assessment" defines total "Full Rental Value" of the leaseholds as the sum of town expenses (both "non-budget" in the form of county and school taxes, and "budget" as embodied in the town's budget), and the cost of administering the trust, while maintaining a "prudent reserve". The Assessors determine Full Rental Value for each leasehold, using formulas intended to reflect the relative value of leaseholds, based on lot size, zoning privileges and location factors (see rates and factors below.) Based on information obtained from the Budget Committee, the Village Treasurer and the Trustees, the Board of Assessors presents the following report.

The Board of Assessors uses a multi-tier evaluation of each leasehold. The "A Rate" applies to the first 7,116 square feet of a leasehold. This number is based on the smallest leasehold in Arden. This is a reversal of the decision made by the 2018 Board of Assessors to apply the "A Rate" to the first 10,000 SF of a leasehold.

The County Code permits construction of one dwelling unit on each Arden leasehold. It also permits accessory dwelling units on Arden leaseholds existing prior to May 1, 2007 "grandfathered ADUs". There are a total of 49 of these "grandfathered ADUs." In addition the Trustees and the County, as approved by the Town assembly in 2017, permit every leaseholder to create one additional dwelling unit ("New ADUs"), subject to certain conditions, including: the "New ADU" must be incorporated into or attached to the principal domicile; The property owner shall occupy and reside in either the principal dwelling unit or the ADU as his or her principal legal residence and it must be approved by the Trustees and the County. Assessors prior to 2018 applied the "B Rate" to the "grandfathered ADUs." The 2018 assessors applied the "B Rate" to leaseholds with the privilege of having more than two domiciles. That formula meant that some "grandfathered ADUs" were not subject to the "B Rate." As applied by the 2018 Board of Assessors, their decision reduced the number of accessory dwelling units assessed the "B Rate" from 49 to 14, and the general effect was to reduce significantly the assessments of leaseholders with "grandfathered ADUs" not subject to the "B Rate" and to increase those of all other leaseholders. The current Board of Assessors believes that the "B Rate" should not apply to the privilege associated with "New ADUs" not approved by the Trustees and the County because all leaseholders have the same privilege. It has determined that the "B Rate" should apply to all "grandfathered ADUs." "Grandfathered ADUs" differ from "New ADUs" because they are not subject to the conditions applicable to "New ADUs." We have also increased the "B Rate" by \$50 from \$750 to \$800.

There is one leaseholder who has obtained Trustee and County approval for a "New ADU" and one other leaseholder has an application pending. Because of the conditions attached to "New ADUs," the value of the privilege of having one may be less than that of "grandfathered ADUs" not subject to these conditions. The Board of Assessors discussed at length whether "New ADUs" approved by the Trustees and the County should be assessed and, if so, at what rate but did not reach a decision. A majority of the Assessors voted to leave those determinations for a future Board of Assessors, which may be in a better position to make them as the Town gains experience with "New ADUs." The assessment of one or two "New ADUs" would not have had a significant effect on the assessments of other leaseholders.

The "C Rate" is applied to the amount of land of a leasehold not covered by the "A Rate", i.e., in excess of 7,116 SF. The "C Rate" is assessed at 40% of the "A rate."

The "D Rate," the commercial rate, is currently for one leasehold. The "D Rate" continues at a surcharge of 75% of the "A Rate" with no location factor deduction for frontage on Marsh Road.

The Base Land Rent (BLR) for a leasehold is a total of all applicable "Rates."

The specific location factors are as follows:

1. Leaseholds adjacent to Arden Forest, Ardencroft Forest, or Sherwood Forests	+10%
2. Leaseholds fronting on Arden Forest, Sherwood Forest, or Ardencroft Forest by being across the street	+ 5%
3. Leaseholds adjacent to or fronting on a communal green	+ 5%
4. Leaseholds adjacent to Harvey Road and/or Marsh Road	- 5%
5. Leaseholds having driveway access only to Harvey Road and/or Marsh Road	- 5%

Notes:

1. The specific location factor charges (in dollars) to be added to or subtracted from the sum of the Base Land Rent (A Rate + B Rate + C Rate) are obtained by multiplying the Base Land Rent for the leasehold by the appropriate specific location factors as given above.

2. Location factors are additive, if both are applicable.

3. If multiple forest factors apply, the higher of the two factors shall be applied.

4. No fractional or partial factors apply for leaseholds fronting or adjacent to forests or communal greens.

To meet the 2020-2021 forecast expenditures of \$827,834 and to produce a prudent reserve of \$150,000, the Board of Assessors has set the "A rate" for March 2020 at \$286 per one thousand square feet.

1) Forecasted Expenditures:

School & County Taxes	\$ 523,776
Trust Administration	\$ 27,516
Arden Town Budget	\$ 100,540
Other non-budget items	\$ 176,002
Total forecast expenditures	\$ 827,834

2) Forecasted Revenue:

Forecasted Revenue from sources other than land rent*	\$ 73,396
Total Revenue from land rent	\$ 724,950
Total expected revenue	\$ 798,346

* (United Water tower, Comcast/Verizon BWVC Rentals, interest, Municipal street aid, Other)

3) Prudent Reserve:

Expected difference between expenditures and revenue	\$(29,488)
Prudent Reserve as of March 24, 2019*	\$ 4,898
Forecast Prudent Reserve for March 30, 2020**	\$ 179,488
Forecast Prudent Reserve projected for March 30th, 2021	\$ 150,000

* 2017 Assessors Report forecast \$195,556; Difference of -\$190,658

** 2018 Assessors Report forecast \$190,000; Difference of -\$10,512

Base Land Rent examples:

Lot size	A Rate	+	C Rate	=	Total
8,000 sq. ft.	$(7,116 * 286 / 1000)$	\$ 2,035	+	$(884 * 286 * .4 / 1000)$	\$ 101 = \$ 2,136
10,000 sq. ft.	$(7,116 * 286 / 1000)$	\$ 2,035	+	$(2,884 * 286 * .4 / 1000)$	\$ 330 = \$ 2,365
20,000 sq. ft.	$(7,116 * 286 / 1000)$	\$ 2,035	+	$(12,884 * 286 * .4 / 1000)$	\$ 1,474 = \$ 3,509
30,000 sq. ft.	$(7,116 * 286 / 1000)$	\$ 2,035	+	$(22,884 * 286 * .4 / 1000)$	\$ 2,618 = \$ 4,653
40,000 sq. ft.	$(7,116 * 286 / 1000)$	\$ 2,035	+	$(32,884 * 286 * .4 / 1000)$	\$ 3,762 = \$ 5,797

Rate and Factor examples using 2020 Rates:

1. A 20,000 sq. ft. lot containing one dwelling unit, on a village green and adjacent to a forest:

A RATE - 7,116 sq. ft. * \$286 / M sq. ft.	\$ 2,035
C RATE - 12,884 sq. ft. * \$286 / M sq. ft. * 40%	\$ 1,474
Base Land Rent	\$ 3,509
Forest Factor \$3,509 / * 10%	\$ 351
Greens Factor \$3,509 / * 5%	\$ 175
Total Land Rent	\$ 4,035

2. A 30,000 sq. ft. lot containing three dwelling units and adjacent to Arden Forest:

A RATE - 7,116 sq. ft. * \$286 / M sq. ft.	\$ 2,035
B RATE - Two ADU charges (2*\$800)	\$ 1,600
C RATE - 22,884 sq. ft. * \$286 / M sq. ft. * 40%	\$ 2,618
Base Land Rent	\$ 6,253
Forest Factor \$6,253 / * 10%	\$ 625
Total Land Rent	\$ 6,878

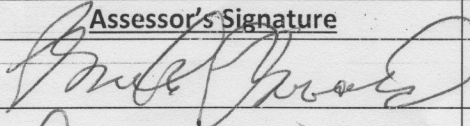
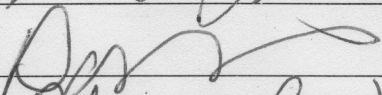
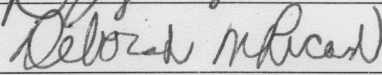
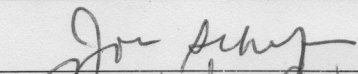
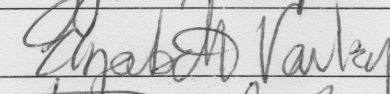
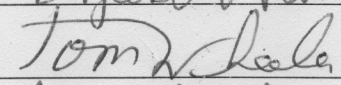
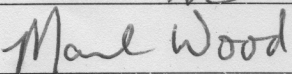
3. A 10,000 sq. ft. lot containing two dwelling units:

A RATE - 7,116 sq. ft. * \$286 / M sq. ft.	\$ 2,035
B RATE - One ADU charge	\$ 800
C RATE - 2,884 sq. ft. * \$286 / M sq. ft. * 40%	\$ 330
Total Land Rent	\$ 3,165

4. A 20,000 sq. ft. lot containing one dwelling unit:

A RATE - 7,116 sq. ft. * \$286 / M sq. ft.	\$ 2,035
C RATE - 12,884 sq. ft. * \$286 / M sq. ft. * 40%	\$ 1,474
Base Land Rent	\$ 3,509
Total Land Rent	\$ 3,509

THE 2019 BOARD OF ASSESSORS
Vote on Final Report (June 2019)

<u>2019 Assessor</u>	<u>Assessor's Signature</u>	<u>Assessor's Vote</u>
Brooke Bovard		YES
Pam Politis		YES
Deborah Ricard		YES
John Scheflen		YES
Elizabeth Varley		YES
Tom Wheeler		YES
Mark Wood		YES